

PROVINCE OF SASKATCHEWAN



07-08

FINANCIAL STATEMENTS

MINISTRY OF EDUCATION

Technology Supported Learning
Revolving Fund

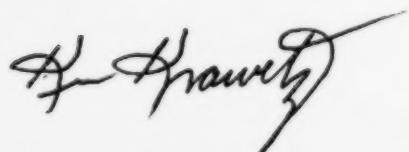


Letter of Transmittal

The Honourable Dr. Gordon L. Barnhart, S.O.M., Ph.D.
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Financial Statements of the Technology Supported Learning Revolving Fund for the fiscal year ending March 31, 2008.



Ken Krawetz
Minister of Education

The Honourable Ken Krawetz
Minister of Education

I have the honour of submitting the Financial Statements of the Technology Supported Learning Revolving Fund for the fiscal year ending March 31, 2008.



Audrey Roadhouse
Deputy Minister of Education





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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Technology Supported Learning Revolving Fund (Fund) as at March 31, 2008 and the statements of operations and accumulated operating surplus and changes in accumulated net recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2008 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 30, 2008



Fred Wendel, CMA, CA
Provincial Auditor



Statement 1**Technology Supported Learning Revolving Fund**
Balance Sheet
As At March 31**Assets**

	2008	2007
Current Assets		
Petty cash	\$ 100	\$ 100
Accounts receivable	119,805	126,885
Inventories	14,061	14,952
	<hr/> 133,966	<hr/> 141,937
Accumulated net recovery (Statement 3)	<hr/> 467,120	<hr/> 424,531
	<hr/> \$ 601,086	<hr/> \$ 566,468

Liabilities & Equity**Current Liabilities**

Accounts payable and accrued liabilities	\$ 141,351	\$ 221,094
Unearned revenue	401,708	334,998
	<hr/> 543,059	<hr/> 556,092

Fund Equity

Accumulated operating surplus (Statement 2)	<hr/> 58,027	<hr/> 10,376
	<hr/> \$ 601,086	<hr/> \$ 566,468

(See accompanying notes to the financial statements)

Statement 2

Technology Supported Learning Revolving Fund
Statement of Operations and Accumulated Operating Surplus
For the Year Ended March 31

	2008 Budget	2008 Actual	2007 Actual
	(Note 9)		
Revenue:			
Sales	\$ 125,000	\$ 95,694	\$ 130,285
Less: Cost of goods sold	60,000	46,391	64,610
Gross profit	<u>\$ 65,000</u>	<u>\$ 49,303</u>	<u>\$ 65,675</u>
Tuition fees	1,170,000	924,627	1,072,336
Registration fees	125,000	94,424	104,234
Other revenue	10,000	8,564	2,651
Total revenue	<u>\$1,370,000</u>	<u>\$1,076,918</u>	<u>\$1,244,896</u>
Expenses:			
Salaries	\$1,681,000	\$1,556,682	\$1,587,307
Postage	60,000	42,714	55,275
Office and educational	40,000	37,674	25,599
Computer support and maintenance	40,000	35,436	18,715
Telephone	25,000	15,594	19,372
Other	10,000	8,167	12,890
Total expenses	<u>\$1,856,000</u>	<u>\$1,696,267</u>	<u>\$1,719,158</u>
Net loss from operations	\$ (486,000)	\$ (619,349)	\$ (474,262)
Subsidy from General Revenue Fund	376,000	667,000	369,000
Net income/(loss)	<u>\$ (110,000)</u>	<u>\$ 47,651</u>	<u>\$ (105,262)</u>
Accumulated operating surplus, beginning of year		10,376	115,638
Accumulated operating surplus, end of year - to Statement 1		<u>\$ 58,027</u>	<u>\$ 10,376</u>

(See accompanying notes to the financial statements)

Statement 3

Technology Supported Learning Revolving Fund
Statement of Changes in Accumulated Net Recovery
For the Year Ended March 31

	2008	2007
Financing required for operating activities:		
Net income (loss)	\$ 47,651	\$ (105,262)
Net (increase) decrease in working capital related to operations (Note 6)	<u>(5,062)</u>	104,398
	\$ 42,589	\$ (864)
Accumulated net recovery, beginning of year	<u>424,531</u>	425,395
Accumulated net recovery, end of year to Statement 1	<u>\$ 467,120</u>	\$ 424,531

(See accompanying notes to the financial statements)



Technology Supported Learning Revolving Fund
Notes to Financial Statements
March 31, 2008

1. Authority and Definition of Entity

The Technology Supported Learning Revolving Fund (Revolving Fund) was established April 1, 1990, pursuant to Section 11 of *The Education Act, 1995*. The purpose of the Revolving Fund is to provide educational services at the high school level, Grades 10-12, to Saskatchewan residents through distance education.

2. Significant Accounting Policies

These financial statements have been prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 6. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirement is the cash flow from (to) to the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Recovery

The accumulated net recovery of the Revolving Fund includes the aggregate of net (increases) decreases in financing requirements for all fiscal years to date.

c) Inventory

Inventory is valued at the lower of average cost and net realizable value.

d) Revenue recognition

Revenue from tuition fees is recorded in income as the services are provided.

e) Unearned revenue

Unearned revenue consists of tuition fees received prior to delivery of the course. These amounts are included in income when earned (e.g., course is delivered).

Measurement uncertainty exists in these statements in the determination of unearned revenue, since an estimate was used in its determination. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount and these variances may be material.

f) Financial instruments

Effective April 1, 2007, the Revolving Fund adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 – Financial Instruments – Recognition and Measurement. Under these new standards, all financial assets and financial liabilities must be identified and classified. This classification determines how each financial instrument is measured.

The Revolving Fund's financial instruments and their classification are as follows:

Financial instrument	Classification
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

Loans and receivables and other financial liabilities are measured at amortized cost. Due to their short-term nature, the amortized cost of these instruments approximates their fair value.

g) Recent accounting pronouncements

Effective April 1, 2008, the Revolving Fund will be required to adopt the CICA Handbook sections 3862 – Financial Instruments – Disclosures, and 3863 – Financial Instruments – Presentation. Section 3862 provides standards for disclosure of the risks arising from financial instruments to which the Revolving Fund is exposed, and how the risks are managed by the Revolving Fund. Section 3863 provides standards for the presentation of financial instruments and non-financial instrument derivatives. The Revolving Fund does not expect the adoption of these new standards to have a material impact on its financial statements.

3. Authorized Financing

Section 11(12) of *The Education Act*, 1995 provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. Order in Council 776/90 sets the maximum amount at \$1,200,000.

4. Disposition of Accumulated Operating Surplus (Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus (deficit). If the actual amount of the surplus (deficit) exceeds the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus or deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surplus to, or requests for additional funding from, the General Revenue Fund. The approved surplus or deficit limit of the Technology Supported Learning Revolving Fund is \$100,000.

5. Tuition Fees and Other Related Costs

The Revolving Fund's tuition fees and other related recoverable costs are described in the annual Technology Supported Learning Calendar. These costs and tuition fees are reviewed annually.

6. Net Change in Working Capital Items Related to Operations

	2008	2007
Decrease in accounts receivable	\$ (7,080)	\$ (16,692)
Decrease in inventories	(891)	(15,711)
Decrease (increase) in accounts payable and accrued liabilities	79,743	(84,531)
(Increase) decrease in unearned revenue	<u>(66,710)</u>	<u>12,536</u>
Net increase (decrease) in working capital items	<u>\$ 5,062</u>	<u>\$ (104,398)</u>

7. Amount Reported in Public Accounts

The net recovery (expense) of the Revolving Fund reported in the Public Accounts is the net income (loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2008	2007
Net income (loss)	\$ 47,651	\$ (105,262)
Decrease in inventory balance	891	15,711
Timing differences in recording revenues and expenses	<u>18,021</u>	<u>70,655</u>
Net recovery (expense) reported in Public Accounts	<u>\$ 66,563</u>	<u>\$ (18,896)</u>

8. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2008	2007
Telephone (SaskTel)	\$ 15,594	\$ 19,371
Postage and office supplies (Ministry of Government Services)	46,378	59,394
Computer expenses (Information Technology Office)	27,321	17,581
Salaries (Ministry of Finance – training)	165	0
Salaries (Saskatchewan Archives Board – training)	150	600
Salaries (University of Regina – training)	325	0

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by various ministerial appropriations and, therefore, no provision is reflected in these financial statements. In addition, the Revolving Fund pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

9. Budget

Treasury Board approves the Revolving Fund's budget annually. The budget amounts presented in these financial statements are based on the budget approved by Treasury Board.

10. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. The total of the receivables is \$119,805 as at March 31, 2008. An allowance for doubtful accounts was not established because of the minimal record of write-offs of uncollectible accounts. Some of the receivables were received shortly after year end reducing the credit risk.



